

2025 State of Manufacturing

*A Sector Facing a Critical Policy
Inflection Point*

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**Rockwell
Automation**

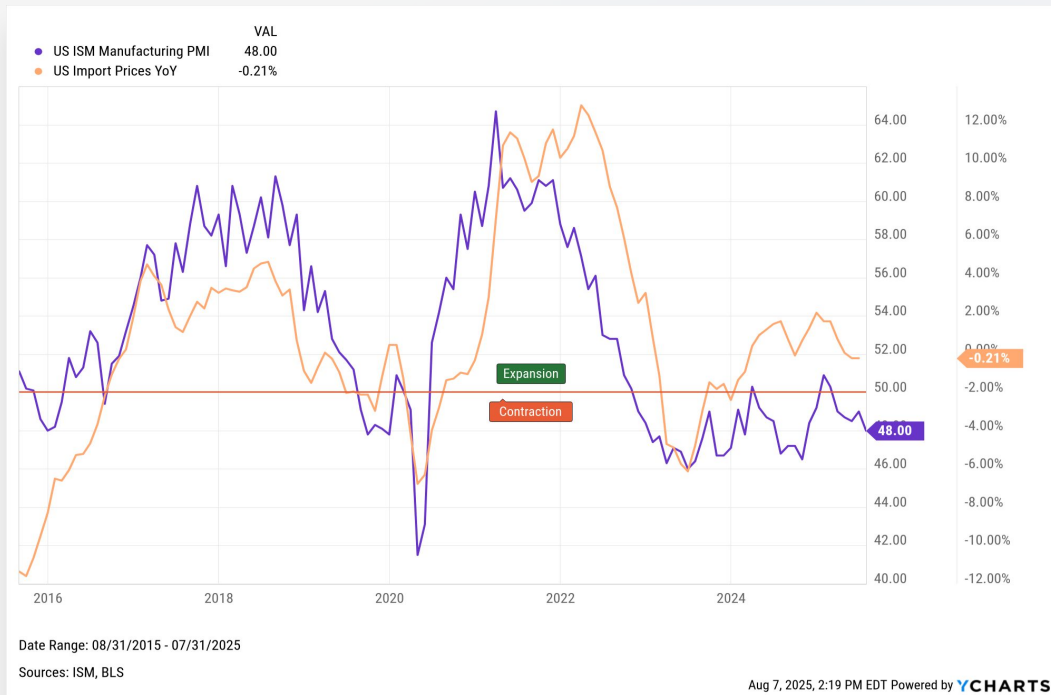
How Policy Is Steering U.S. Manufacturing's Next Chapter

The Big Picture

U.S. manufacturing is entering a new era, shaped by shifting trade policies, evolving supply chains, and record levels of public and private investment. Elevated tariffs on key imports, alongside strategic incentives at federal, state, and local levels, are prompting firms to localize production and build greater resilience. At the same time, advances in automation, industrial digital transformation, and emerging technologies are redefining how goods are designed, produced, and delivered. Together, these forces are fueling a multi-year capital investment cycle and reshaping the competitive landscape.

Key Takeaway for Advisors and Asset Managers

A convergence of trade policy shifts, industrial innovation, and capital inflows is accelerating the transformation of U.S. manufacturing, creating opportunities for companies that can lead in efficiency, connectivity, and adaptability.



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*Today's technology advancements
are unlocking new opportunities
where the combined potential of
people and technology will shape
our collective future.”*

Blake Moret

Chief Executive Officer
Rockwell Automation



US Labor Availability Driving Automation Demand

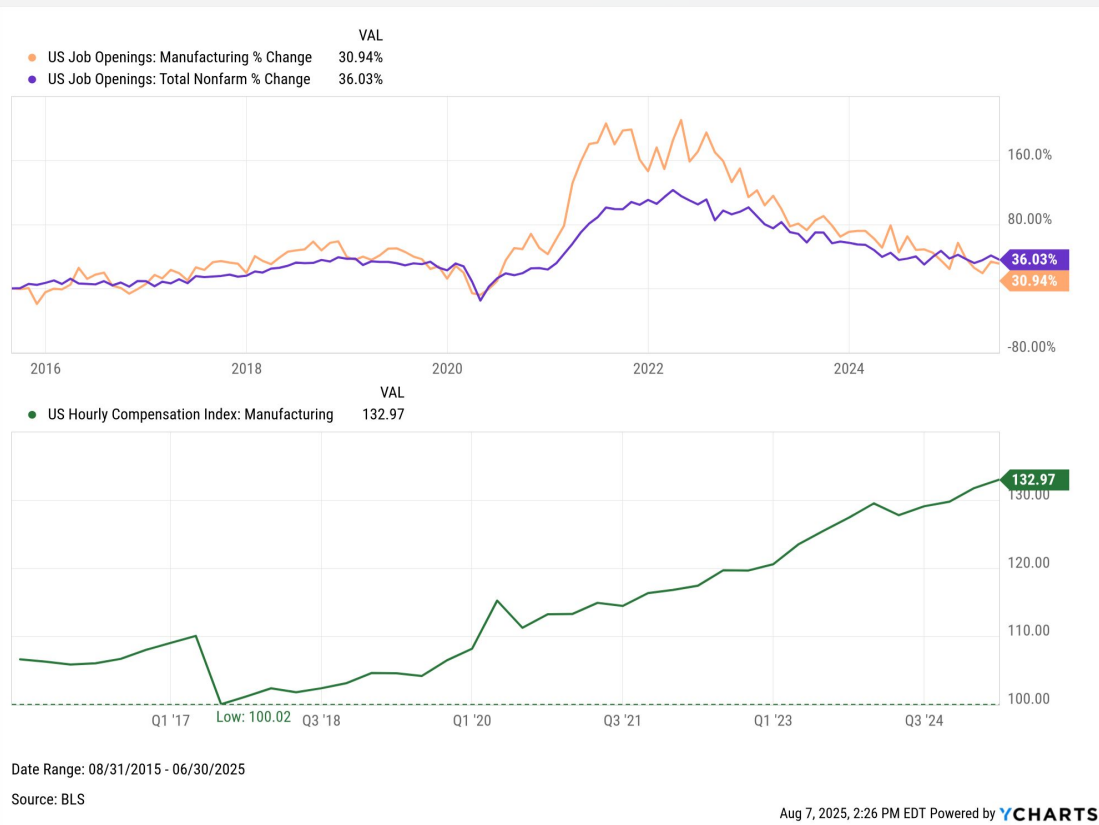
The Big Picture

Persistent labor shortages and rising wages continue to challenge U.S. manufacturers, with job openings in the sector consistently outpacing available workers.

These dynamics are accelerating investment in automation as firms seek to sustain output and remain competitive.

Key Takeaway

Manufacturing job openings previously outpaced those in the broader economy but have recently fallen behind, signaling a shift in how firms are addressing labor constraints. Rising demand for automation is positioning robotics and digital solutions as key enablers of future productivity gains.



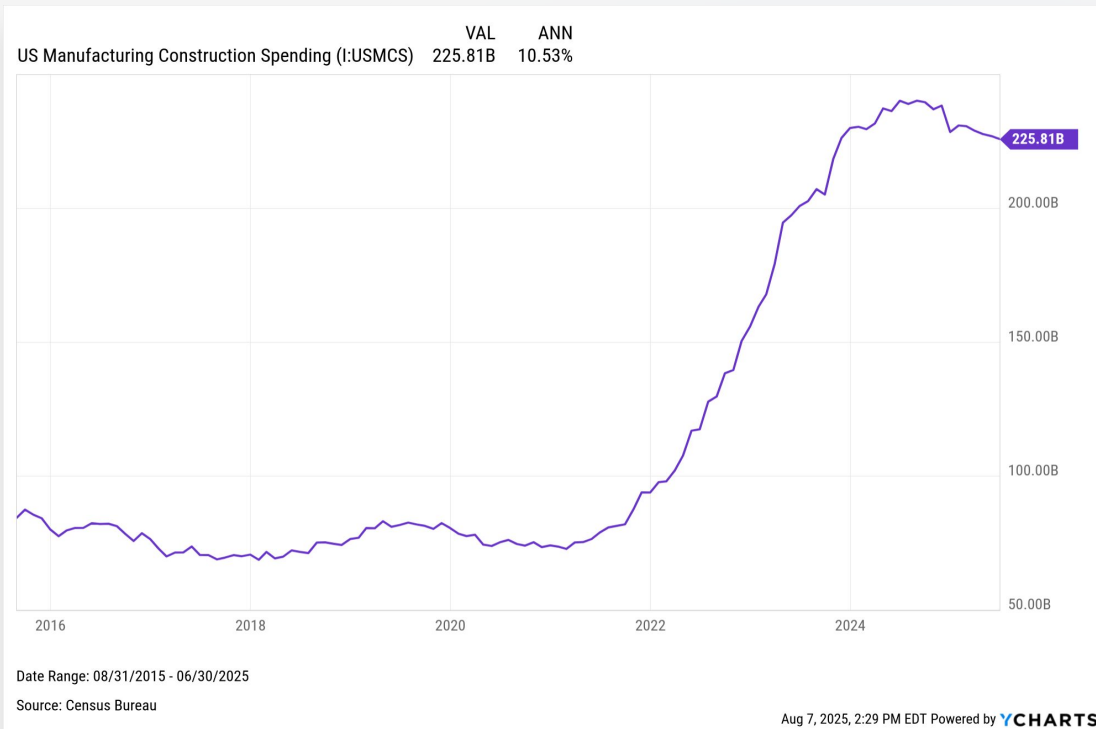
US Manufacturing Construction Spending

The Big Picture

Manufacturing construction spending has surged to record highs as companies both build new facilities and modernize existing ones, together driving a significant expansion of domestic production capacity. With projects often spanning 24+ months, this wave of activity serves as a leading indicator of broader sector growth.

Key Takeaway

The combination of new builds and large-scale retrofits reflects sustained capital investment, setting the stage for long-term demand in automation, energy, and industrial infrastructure solutions.



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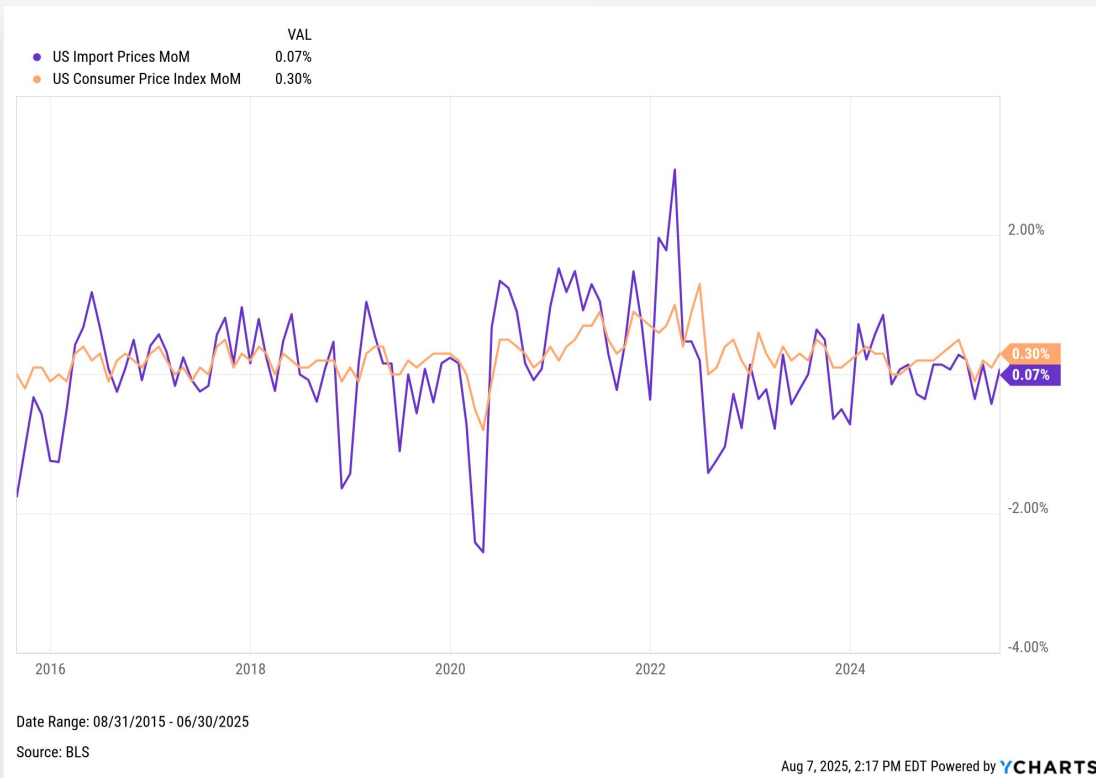
Supply Chain Localization & Tariff Impact

The Big Picture

Elevated tariffs on key imports are driving a shift toward domestic production, prompting companies to reconfigure supply chains for greater resilience, control, and cost predictability. CPI and import prices have not yet shown major effects from localization, but companies are investing ahead of potential cost pressures. This transition is reshaping where and how goods are manufactured, with lasting implications for competitiveness and capacity.

Key Takeaway

CapEx spending and supply chain realignment are accelerating in anticipation of supply chain localization amplified by tariffs. This is positioning domestic manufacturers and their suppliers in materials and industrial inputs to benefit when cost pressures emerge in import prices.



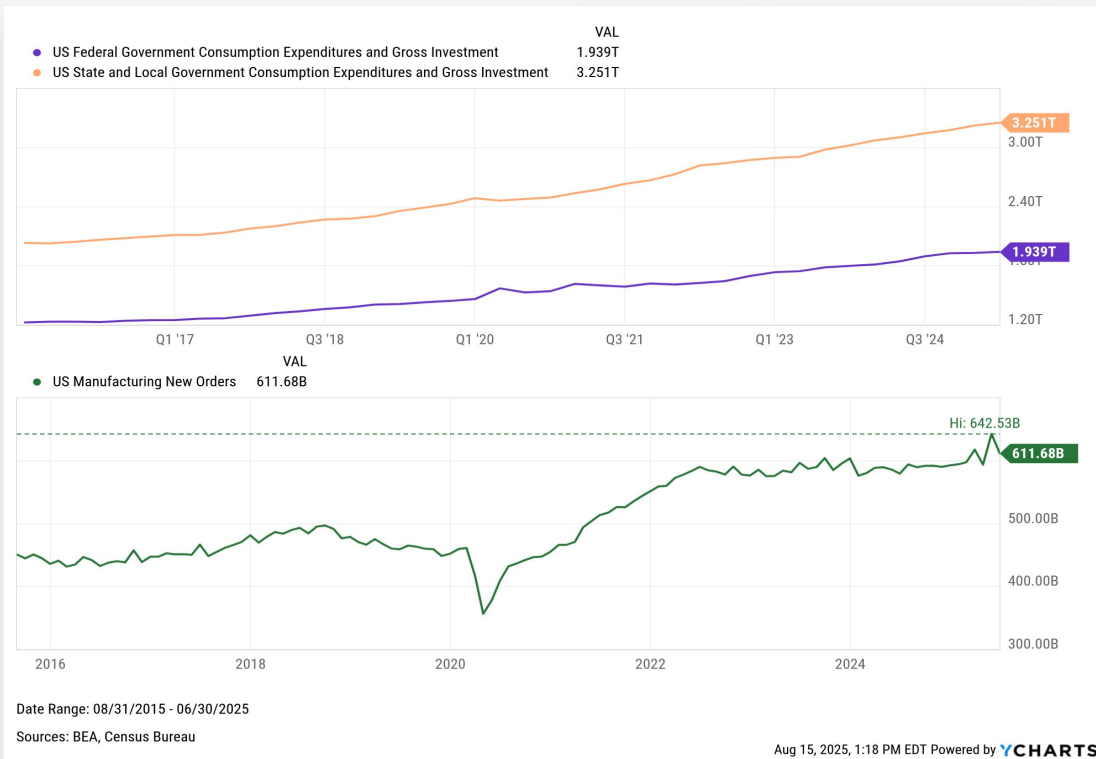
Federal, State, and Local Policy Incentivization

The Big Picture

Federal, state, and local policies are fueling domestic manufacturing growth. Programs like the One Big Beautiful Bill and Fast-41 are cutting red tape, speeding project approvals, and channeling investment into energy production and industrial capacity.

Key Takeaway

Manufacturing new orders hit a 10-year high in April, following tariff announcements and the push to bring production back to the US. The alignment of federal, state, and local spending underscores a coordinated effort to strengthen and expand domestic manufacturing.



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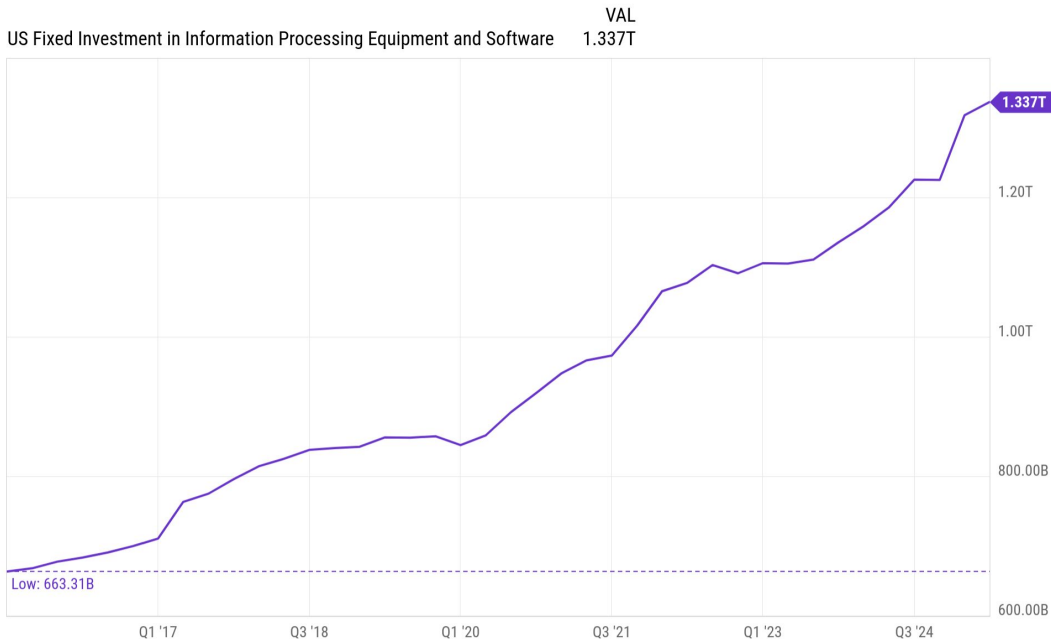
Industrial Digital Transformation and IIoT Operational Impacts

The Big Picture

Digital technologies and industrial network solutions are transforming American factories, enabling greater high-quality output with lower operational costs. As digital transformation advances, proven tools like model predictive control, alongside emerging innovations such as industrial AI, are helping companies harness IIoT and advanced analytics to achieve measurable productivity and efficiency gains.

Key Takeaway

The rapid adoption of proven and emerging industrial technologies signals potential long-term growth opportunities for well-positioned firms in the digital manufacturing ecosystem.



Date Range: 09/30/2015 - 06/30/2025

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Sector Playbook: Key Takeaways & Talking Points



Asset Managers

Key Insight

Current trends point to a multi-year investment cycle, with capital deployment in automation, infrastructure, and domestic capacity expected to drive growth across manufacturing-adjacent sectors.

Talking Point

“Tariffs and targeted subsidies are fueling a new wave of investment in U.S. manufacturing. As companies focus on automation, supply chain resilience, and advanced production technologies, Industrials and enabling tech providers are well-positioned to benefit. Global firms reliant on imports may face headwinds, creating opportunities to align strategies with policy-driven growth.”



Advisors

Key Insight

The sector presents growth potential for portfolios aligned to Industrial Technologies and Materials as companies leverage reshoring and productivity-enhancing investments.

Talking Point

“Policy shifts are reshaping U.S. manufacturing, with aggressive tariffs and billions in subsidies accelerating domestic investment. Reshoring and automation trends highlight opportunities in Industrials, Materials, and Technology, while import-heavy sectors face rising cost pressures. Advisors can help clients align portfolios with these evolving dynamics.”

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